

Insurance: The oxygen that sustains our economy

Why we love to hate insurers, how insurance keeps our free enterprise system alive, and other revealing truths.

For more than 30 years, Stan Griffin has found the subject of Property and Casualty (P & C) insurance both fascinating and exciting. Should he be seeking medical help?

As president and C.E.O., Insurance Bureau of Canada, Griffin does realize that his industry seems boring to most people.

“One major reason for our industry’s reputation for being dull is that the product we sell is invisible,” he says. “If I built houses, for example, I could take you on a tour of our latest home. If I made cars, I could take you for a test drive in a brand new vehicle. However, our product isn’t anything quite that tangible.”

Griffin points out that insurance is something that we pay for on a regular basis, yet most of us never see any hands-on reward. That’s one reason why we love to hate insurance companies. When we spend, we expect immediate gratification in return, and that’s usually something physical – a meal, clothing, bike, computer, vacation and so on.

The ultimate irony, he says, is that insurance is something that we pay for, but hopefully, will never use. When we do eventually use it, he says, the satisfaction rate amongst policyholders is extremely high.

Griffin’s agrees with one of his American colleagues who once referred to P & C insurance as the oxygen of the free enterprise system.

“It’s a perfect analogy,” says Griffin, “because oxygen, like insurance, is invisible. Yet we know that it’s absolutely essential. Without it, nothing thrives. We simply wouldn’t exist. And though it’s a vital part of our world, we tend to take it for granted – just like insurance.”



Stan Griffin, President and C.E.O., Insurance Bureau of Canada (IBC)

In the final analysis, says Griffin, insurance is really a promise of protection to cover risk.

“Homebuilders, for example, must put money on the line to buy the land and materials needed to build a house. In other words, they’re putting their money at risk. To help protect their investment, they take out insurance, otherwise theft, fire or some other calamity could put them out of business.”

For families, Griffin says, a car and a home usually represent their biggest assets. And we’d be reluctant to take a chance on purchasing a house or car, if insurance wasn’t there to share the risk. It’s the peace of mind that comes with

knowing that your home, its contents and your car are protected against the unforeseen.

“That’s what insurance is really all about,” says Griffin. “We help people build their dreams, protect themselves and their property, and we help them prepare for the future. The fact is, that we provide the invisible underpinning of virtually the entire Canadian economy, and for me that’s something I find very satisfying and exciting.”

That protection, he says, usually extends to just about anything in our world. The industry has insured everything from products, to businesses, to mega events, to small, local community initiatives.

The Property and Casualty insurance industry also has a powerful and positive impact on our economy in ways most people can’t imagine.

The industry contributes about \$6 billion in federal and provincial taxes every year. To put that figure in perspective, that’s enough money to fund 21 new hospitals, buy 2,400 MRI machines or build 2,083 daycare centres.

Currently, the insurance industry in Canada employs about 100,000 people from coast to coast, in big cities and small communities. In fact, the industry is one of Canada’s few truly national industries.

“Not bad for an invisible product,” he says.

But it doesn’t end there. The industry is also extremely visible and proactive when it comes to public safety and prevention of accidents and injuries in just about every facet of our lives.

For example, did you know that the introduction of seatbelt laws was in large part the result of advocacy campaigns spearheaded by insurance companies? That effective

lobbying has saved countless lives since.

“That old expression ‘an ounce of prevention is worth a pound of cure’ still holds true,” says Griffin. “It’s been that way since insurance companies began in England in the 1600s.

Today, our commitment to public safety can be seen via a host of initiatives and programs.

These include graduated licensing for novice drivers, campaigns to encourage the use of bicycle helmets, laws mandating the use of smoke detectors, effective anti-drinking and driving campaigns and our ongoing efforts dedicated to injury prevention.”

In addition to the industry’s public safety campaigns, it also offers direct advice to customers. For example, it helps businesses identify and assess risks, then shows them how to take measures to reduce those risks.

“That can be as simple as recommending which type of locks to use or as comprehensive as suggesting changes to a factory design to make it safer for workers,” Griffin says.

“Whether you realize it or not, each and every Canadian has a vital stake in our industry because it is, in effect, our collective umbrella. It provides the shelter and the security we need to build our economy and it protects what’s most precious to us.”